

us when we were debating. And we thought this year's budget debates should be built around a framework that would put our government on a path of retiring and entirely eliminating our public debt by 2010. We thought it was important to save 100 percent of the Social Security and Medicare surpluses. And we thought it important to allow a net tax cut, net tax cut of \$387 billion over 10 years targeted to small businesses and middle-income families and make investments in priority programs of \$387 billion over the same 10-year period.

That became known as the 50/25/25 plan, taking any non-Social Security surpluses and taking 50 percent of that to pay down the debt. Because I have found in my district at home, and I notice the polls bear this out, that the American people by and large, by 70 percent plus, want to see the Congress fix Social Security for the future, because every one knows that beginning in 2010 we are going to have some difficult times delivering on our promises of Social Security particularly at the exact same time that the baby boomers will be retiring. No one disputes that.

We felt like that that was important, but the majority party felt like the most important thing that they could do this year was to deliver a 1.3, 1.6, pick the number, \$1 trillion tax cut of which every one agrees that many of those components are very, very, very popular.

But the Blue Dogs have said first off when we hear people talk about the \$4.6 trillion surplus, we know, and I hope the majority of the American people will soon know, those are projected surpluses.

My colleague will hear in a moment from the gentleman from Mississippi (Mr. TAYLOR), in which he will show there are no surpluses, and he will be right, 100 percent right.

When we disregard the trust funds, not only the Social Security, but Medicare and military and civil service retirement and now railroad retirement, there are no surpluses, but yet we keep hearing this. And then we hear the rhetoric that says \$4.6 trillion, it is your money, and we are going to return a part of it to you.

This kind of prompted me to say that even young school children know to complete the phase I swear to tell the truth, the whole truth and nothing but the truth. As common as that phrase is, we sometimes forget that. In the courthouse, it is rather important. I would wish that it was also important here in the U.S. House, because just this afternoon, as we have heard many times, the truth is, yes, the marriage tax penalty is unfair and in many cases two married individuals currently are taxed at a higher rate than they would be had they remained single, and that is not fair.

It is true that family farms and ranchers and other small businesses sometimes have a difficult time paying the current death tax, that is true.

But then let us talk about the whole truth and nothing but the truth. Yes, the \$4.6 trillion that we hear so much about, most of us understand and I hope the American people will soon understand, those are projected surpluses, not a single American family tonight will go out and spend projected income without a risk.

If we get an extra bonus of \$5,000 and we owe our bank \$10,000, we do not go out and spend it on a vacation, unless we are willing to take a chance on digging our family into a deeper hole. Why should our country be different?

That was the argument that many of us were making this afternoon as pertained to the so-called death tax. I personally feel very strongly that the bill the President vetoed should have been vetoed. In fact, I personally recommended that he do veto the bill, and here is why.

When we look at the effect of a bill that is phased in, in 2010, 10 short years from today, that creates a hole in our budget of \$50 billion that will expand over the next 10 years to \$750 billion, without a plan of how we are going to be dealing with that or just passing on to future Congresses, really, we are passing it on to our grandchildren.

It seemed to me that the first bill that ought to have come to the floor of the House should have been a Social Security reform bill. That should have been the first bill, followed quickly by the Medicare and Medicaid reform bill.

Back home I have numerous hospitals that, unless we put together a balanced budget fix again this year, we will have to close their doors, and this is no exaggeration. Now, to those that talk about spending, if we do not wish to spend some additional money to keep rural hospitals and inner-city hospitals open, that is a fair position for anyone to take, and we will have that discussion. But that is the one we ought to have first, how do we provide for the minimal needs?

As we heard the gentlewoman from Michigan talking about the pharmaceutical bill needs, all that is well established, but yet today we had a bill, the first one to be vetoed. And now I hope the message is sunk in to the leadership of the House, that the next bill also will be vetoed and will be sustained, because I suspect now that most people are beginning to see that the Blue Dogs might have had something right when they said let us not spend projected surpluses, let us use this opportunity in case these surpluses are real, let us pay down our debt.

Let us not forget the \$5.6 trillion that we still owe, \$700 billion now which I was corrected earlier, because contrary to the rhetoric in this body, our debt is going up, not down. We are paying down publicly-held debt, which is good, but we are increasing the debt to our trust funds, which eventually will have to be paid.

Let us not forget so easily as is so often done, and again this afternoon,

let us not forget that we have an unfunded liability in the Social Security trust fund as of today of \$7.9 trillion which is going to have to be paid off. And that is why the Blue Dogs in our budget with the 50/25/25 of saying put maximum interest on paying down the debt, and let us equally divide increased spending on priority areas, and those are defense, veterans, education, health care and agriculture, that is it. Then let us deal with tax cuts.

And that is where, before I yield to my friend, the gentleman from Mississippi, (Mr. TAYLOR), I would make this point again, we would have thought this afternoon that the bill that was vetoed and then sustained was going to do great things for small businesses immediately.

Well, if we listen carefully, we will understand that the reductions in the tax rate on estates under the death tax would not take effect until 2010. The bill that I supported, continue to support and believe that if we can somehow revive some bipartisan action in this action, I believe we can put together a tax component as it pertains to death taxes that would, in fact, repeal all death taxes on all estates up to \$4 million immediately, effective January 1, 2001, to those family farms that I heard, and I have numerous of those in my own district.

I want to make it very clear, unless your estate is more than \$4 million the Democratic substitute that I and others and I hope will revive itself now that this one has been vetoed, that we can in fact have a \$4 trillion exemption so no business, no individual family will ever have to worry about the death tax now.

Now, the argument will be why do we not eliminate it just for everybody. Show me how we are going to fix the Social Security program. Show me how we are going to deal with these surpluses that are not real, which my friend, the gentleman from Mississippi (Mr. TAYLOR) will be showing absolutely that we are talking in terms of fictitious numbers. Show me how we are going to deal with the Social Security, Medicare and Medicaid problems, then let us come and have an honest, open debate about how far we go on estate taxes.

I think a \$4 million exemption effective January 1 beats the heck out of an estate tax phased out in 2010. My colleague, the gentleman from North Dakota (Mr. POMEROY) showed so eloquently earlier today the exact numbers of what we are talking about, and I think once that is understood and folks will get back off of the budget plans that are now showing are going nowhere, that we can come together, we can emphasize what the American people want, and that is pay down the debt, take care of Social Security, so it will be as good for our children and grandchildren as it is for those on it today. Take care of Medicare and Medicaid and pharmaceutical drug needs. Be prudent. Debate your spending, hold